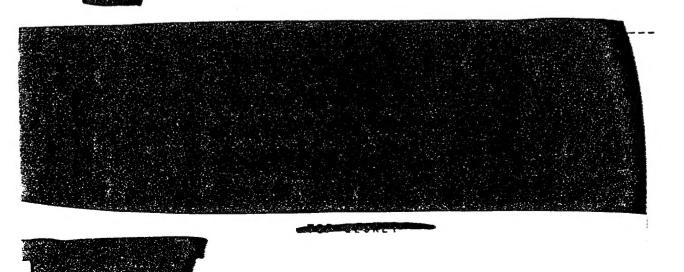


ISRAEL'S LAUNCH OF A SMALL RESEARCH SATELLITE IN SEPTEMBER 1988 HEIGHTENED THE ARAB STATES' CONCERNS OVER ITS TECHNOLOGICAL PROWESS AND REINFORCED THEIR DETERMINATION TO PURSUE THEIR OWN SATELLITE DEVELOPMENT PROGRAMS. THE ARABS ARE UNLIKELY TO PRODUCE A SATELLITE FOR AT LEAST THE NEXT DECADE.

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US COOPERATION WITH ISRAEL IN SPACE-RELATED AREAS, INCLUDING THE STRATEGIC DEFENSE INITIATIVE, WILL PROBABLY COMPLICATE US RELATIONS WITH ARAB STATES. THIS WILL CERTAINLY BE THE CASE IF THE UNITED STATES DENIES ARAB REQUESTS FOR SIMILAR DUAL-USE SPACE TECHNOLOGY OR ATTEMPTS TO DISSUADE OTHER COUNTRIES



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/***** BEGINNING OF SECTION 016 *****/
FROM SELLING SUCH TECHNOLOGY.



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